

JCR-VIS MANAGING CREDIBILITY SEEKING BUSINESS

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CASE SYNOPSIS

JCR-VIS is Pakistan's only data bank and financial research organization, operating as a "Full Service" rating agency and known for providing high quality independent rating services in Pakistan. JCR-VIS offer services in six categories i.e., (a) Entity Ratings; (b) Instrument Ratings; (c) Real Estate Grading; (d) Corporate Governance Ratings; (e) Indicative Ratings; and (f) International services. Pakistan Credit Rating Agency Limited (PACRA) is the only competitor for the available credit rating assignments in Pakistan. One of the VIS group management faces as of now is how to materialize new business expansion proposals; either offer these services [proposals] as category extension within JCR-VIS or launched them as separate brands through separate companies.

KEYWORDS

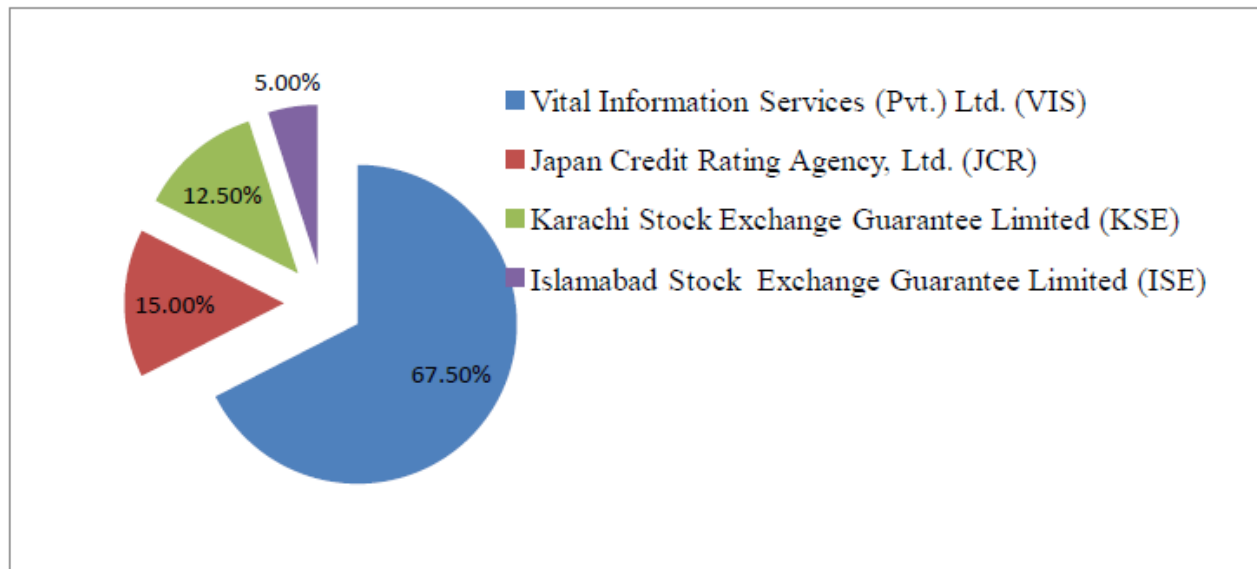
Credit Rating, Pakistan, Duopoly

INTRODUCTION

JCR-VIS is Pakistan's only data bank and financial research organization, operating as a "Full Service" rating agency and known for providing high quality independent rating services in Pakistan. Initially the company was incorporated as a joint venture between VIS, Karachi Stock Exchange, Islamabad Stock Exchange and Duff & Phelps Credit Rating Co. (DCR) back in 1997. Subsequent to DCR's merger with Fitch IBCA, DCR sold its interests in DCR-VIS to VIS. In 2001 JCR and VIS entered into a Joint Venture Agreement whereby JCR acquired 15% share in DCR-VIS Credit Rating Co. Ltd. of Pakistan. As a result of this agreement, the name of the company changed from DCR-VIS Credit Rating Co. Ltd. to JCR-VIS Credit Rating Co. Ltd. (JCR-VIS).

JCR-VIS was established in 2001 as a joint venture between Japan Credit Rating Agency, Ltd. (JCR), Vital Information Services (Pvt.) Limited (VIS), Karachi Stock Exchange (KSE) and Islamabad Stock Exchange (ISE).

Figure 1 JCR-VIS Shareholding



Japan Credit Rating Agency, Ltd. - (JCR) was established in April 1985 by a group of major Japanese institutional investors and was authorized by Japan's Ministry of Finance (MOF) as a recognized rating agency in 1987. JCR's rating services cover broad range of financial products including long-term bonds, senior debts, medium-term notes, and commercial paper for resident and non-resident entities, and multilateral development banks. In addition, JCR rates ability to pay insurance claims for the Japanese life and casualty insurance companies as well as structured financing for both residents and non-residents including asset-backed securities. JCR enjoys a strong support from Japan's prominent institutional investors. The 109 shareholders include Japan's major life and casualty insurance companies; all trust banks, 60 of 64 regional banks, The Norinchukin Bank and The Bank of Tokyo Mitsubishi.

Vital Information Services (Pvt.) Limited (VIS) was incorporated in 1994 with the equity participation of leading financial institutions, the largest publication house of Pakistan (The Jang Group), Mr. Faheem Ahmad and other professionals. The company provides independent capital market research based services to companies, small and large investors, etc. VIS' major strength is its exhaustive database on corporate Pakistan and ability to perform statistical and financial analyses on this database. VIS has a major interest in a credit bureau NEWS-VIS Credit Information Services (Pvt.) Ltd. and Digital Works, the first digital archiving service bureau of Pakistan.

Karachi Stock Exchange (KSE) is the premier stock exchange of the country. KSE came into existence in 1947. In 1949, KSE was converted into a company limited by guarantee. Initially, five companies were listed on the KSE with a paid up capital of Rs. 37 million. Today, there are 762 listed companies with a listed capital of Rs. 234.45 billion and an approximate market capitalization of Rs. 400 billion.

MANAGEMENT

The major decision making authority is Board of Directors which is headed by company President and CEO, Mr. Faheem Ahmed. Other board members include Director (Rating), Director (Operations), Director (Finance), two independent directors, four nominee director of VIS, two nominee directors of KSE and one nominee director of ISE (See Appendix – A).

Only very few companies in Pakistan have provided 100% seats to professionals in their board of directors and JCR-VIS is one of them. JCR-VIS team members both senior and junior are very careful about their society image and belonging with their company as reflected by the comments of their GM operations;

*We are so careful even in our public life that
nobody should abuse VIS for our wrongdoings...*

All levels of management at JCR-VIS have been filled by professional managers. This quality is appreciated by almost all of their clients as reflected by one their client's comments.

*We appreciate the level of professionalism prevailing
in JCR- VIS team members.*

The most frequently cited reason for the recognition of JCR-VIS is the quality of human resources at JCR-VIS. They have an army of IBA graduates and CFA charter holders in addition to several chartered accountants in senior positions. Other reasons include building and ambience; quality of information systems; precision and level of sophistication of data analysis; and expert advice to the clients.

More recently the General Manager JCR-VIS has been designated as CEO for the two sister concerns NEWS-VIS Credit Information Services (Pvt.) Ltd. and Digital Works. He had joined VIS-Group on its inception and since been engaged in most research and development ventures undertaken by the group companies. Prior to joining JCR-VIS, he has been engaged with other VIS Group companies in different capacities.

SERVICES

JCR-VIS offer services in six categories i.e., (a) Entity Ratings; (b) Instrument Ratings; (c) Real Estate Grading; (d) Corporate Governance Ratings; (e) Indicative Ratings; and (f) International services.

a) Entity rating is JCR-VIS's opinion of the general creditworthiness of a company's senior unsecured debt. Clientele is classified into different groups as:

- | | |
|---------------------------------------|---|
| a. Commercial Banks | h. Housing Finance Companies |
| b. Development Financial Institutions | i. Industrial Corporations |
| c. Micro Finance Banks | j. Mutual Funds |
| d. Investment Banks | k. Asset Management Companies |
| e. Security Firms | l. Insurer Financial Strength (IFS) |
| f. Leasing Companies | m. Ratings of Insurance Companies (ICs) |
| g. Modarabas | |

b) Instrument Ratings: Rating of financial instruments like TFC/CP denotes its creditworthiness with respect to a particular debt security based on relevant risk factors.

- a. Long Term Corporate Debt Instruments [Term Finance Certificates, Sukooks]
- b. Short Term Corporate Debt Instruments [TFCs, Commercial Papers, etc.]

c) Real Estate Grading: One of the new developments in the local rating business is the rating of real estate agencies and developers.

d) Corporate Governance: In March 2002, the Securities and Exchange Commission of Pakistan (the SEC) issued the Code of Corporate Governance (the Code) to establish a framework for good governance of companies listed on Pakistan's stock exchanges. JCR-VIS also provides ratings based on corporate governance compliance to SECP and SBP.

e) Indicative Ratings: JCR-VIS also conducts indicative ratings for entities that wish to get an initial idea regarding their ratings prior to going for a full formal rating review. The indicative ratings – as the name suggests – merely indicate the rating band or category in which the entity's ratings are likely to fall, if a formal rating review were to be conducted. As such, indicative ratings are not meant for public dissemination and are meant only for the consumption of the management of the entity.

f) International Services: On an international rating scale, JCR also offers following ratings in Pakistan jointly with JCR-VIS.

Foreign Currency Ratings: Foreign currency ratings express the ability of an entity to meet its international obligations in the currency of another country, say the JCR-VIS dollar. These ratings are invariably capped by the sovereign ceiling

Local Currency Ratings on International Scale: Local currency ratings on an international scale express the ability of an entity to meet its international obligations in its local or domestic currency, and are usually higher than foreign currency ratings.

Local Currency Ratings on National Scale: Local currency ratings on a national scale express the ability of an entity to meet its domestic obligations in its local or domestic currency. These ratings assume the local government to be risk free, and rated AAA.

RATING PROCESS

In preparing a rating, the JCR-VIS analyst would first review a company's reports and published figures to determine what additional information was needed from the client. The analyst then met with the client's senior management (CEO/CFO) to discuss the client's financial position, earning trends, operating practices, competitive standing, future prospects, the economic environment and other issues that might affect the client's credit worthiness. The analyst would keep in contact with the client's for interim figures and other corporate developments that might affect JCR-VIS's assessment. They also monitor macro economic and political factors or trends that might affect the client's credit standing. A draft report was then sent to the client for review to ensure the accuracy of information and that no confidential data was included. The final report was then reviewed by a Rating Committee.

Once a rating is finalized, the client is under ongoing surveillance by JCR-VIS during which interim and annual results are reviewed, at least on a quarterly basis, and other client developments are monitored, based on which JCR-VIS may reevaluate the rating at any time if such action is warranted. In addition, rated companies are subject to detailed review, normally on an annual basis.

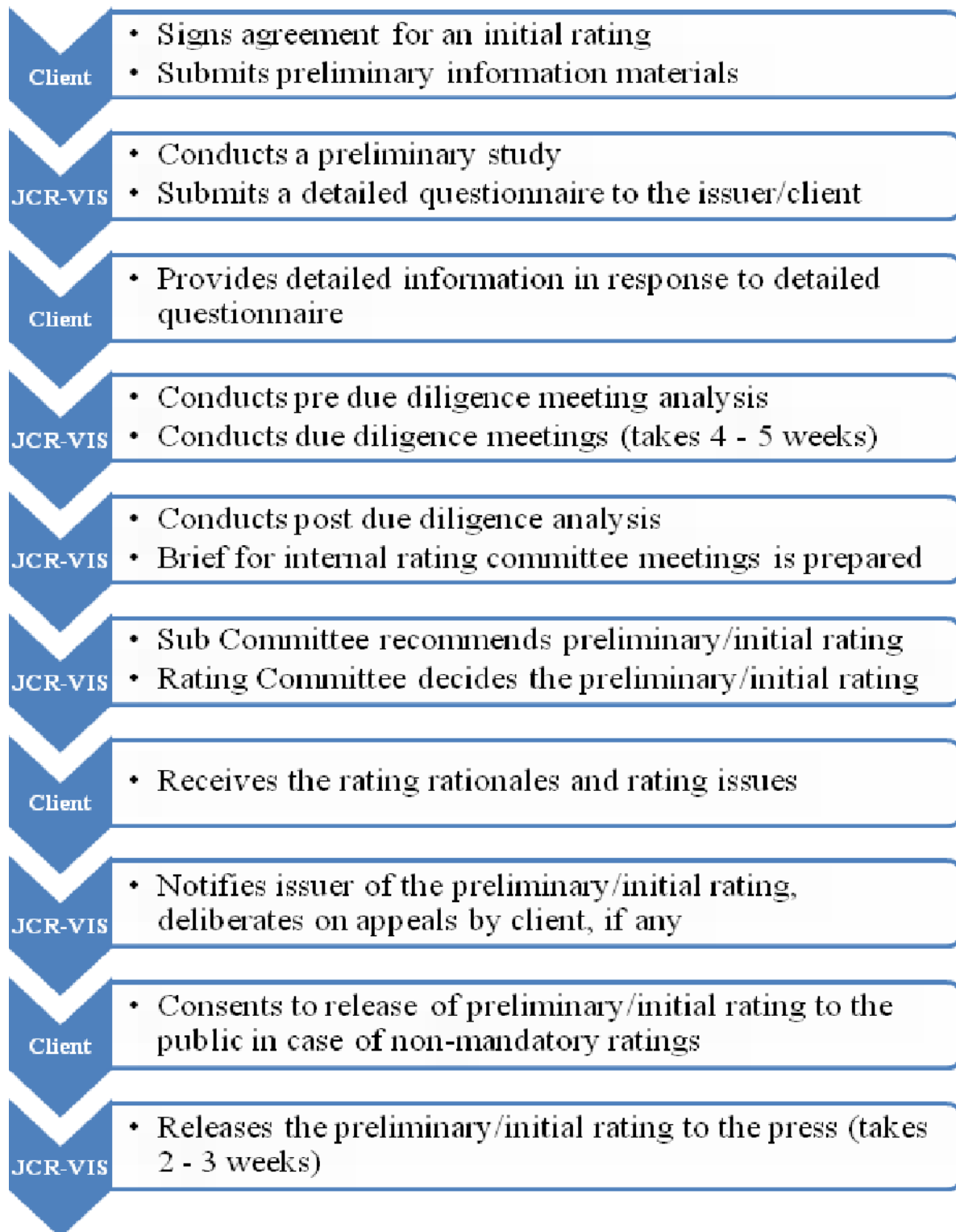
During and after the process JCR-VIS does not reveal confidential information obtained during the rating exercise to anyone except the regulators, provided the request is made in writing. This policy is based on exceptions for regulatory queries. Ratings are valid till withdrawn, suspended or changed. The relationship with regulators is restricted to providing information and opinions only when a specific query is referred to JCR-VIS.

Communication of ratings: Once the rating has been assigned, the rating is made public first within two working days in a short press release, and then within ten working days a detailed report is available. The text is shown to the client before publication whenever possible to ensure that it is factually correct and no confidential information has been disclosed. If a rating is not mandatory as per directives of the regulatory agencies, the management has the option of either making it public or withholding the rating from the general public. Policy on dependence on third parties

- a) **Auditors:** JCR-VIS relies on the audited accounts as one of its basic sources of information; however, additional information is obtained where required. In addition, JCR-VIS rechecks the current position of areas where the auditors have shown concern in their reports or management letter etc.
- b) **Trustees:** JCR-VIS depends on the trustees to ensure proper maintenance of the securities they have obtained pursuant to any public issue of debt or secured investment instrument, rated by JCR-VIS and to ensure adherence to other covenants. JCR-VIS expects that the trustee would refer back in case the issuer requires any change of security, in order to ensure maintainability of current rating.
- c) **Consultants:** JCR-VIS gives due weight-age to consultants' reports relating to new projects, balancing & modernization, environment etc., however JCR-VIS may recheck areas where it is felt subsequent changes have occurred.
- d) **Experts:** JCR-VIS in some cases appoints experts, where it is believed they would add value, to assist in technical matters. In such case issuer/entities are informed about such experts on the panel.
- e) **Ratings Review/Appeal Process:** Once a preliminary rating has been assigned, JCR-VIS communicates the rating decision to the company, and explains in detail how JCR-VIS reached its opinion: the key rating factors—both positive and negative—driving the rating and, perhaps most crucially, expectations for the client and how these expectations are factored into the rating. If the company believes that certain information influencing the rating was not conveyed adequately by them or some later developments need to be taken into consideration by the committee, an appeal is made to JCR-VIS within two days of the assignment of the rating. The appeal process is designed to address specific points relating to the rating decision, and hence, the appeal meeting is tightly focused. The analyst will incorporate new information into the analysis, which then is reconsidered by the rating

committee. The committee may decide the new information (to be provided within 10 working days of the appeal) warrants a rating change, or it may stand by its original rating decision. The rating decision on appeal is final.

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Figure 2 Credit Rating Process

PRICING

With respect to pricing, JCR-VIS rating fees varied based on a range of factors including the size of the entity or size of the financial instrument. However for real-estate and corporate governance assignments the rating fees is fixed. It also offers customized deals with incentives to high value customers for additional services.

Figure– 3 Comparative Analysis of Credit Rating Fees¹			
		JCR-VIS	PACRA
1.0	ENTITY RATINGS		
1.1	Commercial Banks/DFI		
	Large [Total assets ≥ 5% of overall banking assets]	1,000,000	1,000,000
	Medium [Total assets < 5% & ≥ 2% of overall banking assets]	800,000	800,000
	Small [Total assets < 2% of overall banking assets]	600,000	600,000
1.2	Micro Finance Banks	550,000	N/A
1.3	Leasing Companies, Investment Banks, Security Firms Housing Finance Companies	500,000	500,000
1.4	Modarabas	350,000	350,000
1.5	Industrial Corporations	350,000	350,000
1.6	Mutual Funds	100,000	125,000
1.7	Asset Management Companies		
	Large AMC[AUM ≥ 10.0 Billion]	500,000	500,000
	Small AMC[AUM < 10.0 Billion]	350,000	350,000
1.8	Insurer Financial Strength (IFS)²		
	Large ICs [GPW ≥ 1.0 Billion]	500,000	500,000
	Small ICs [GPW < 1.0 Billion]	350,000	350,000
2.0	INSTRUMENT RATINGS		
2.1	Long Term Corporate Debt Instruments [Term Finance Certificates, Sukooks, etc.]	300,000 (minimum)	300,000 (minimum)
2.2	Short Term Corporate Debt Instruments [TFCs, Commercial Papers, etc.]	300,000 (minimum)	300,000 (minimum)
3.0	REAL ESTATE GRADING		
3.1	Real Estate Developer	450,000	450,000
4.0	CORPORATE GOVERNANCE RATINGS		
4.1	Corporate Governance Ratings / NPO Governance Ratings	350,000	N/A
5.0	INDICATIVE RATING		
5.1	Financial Risk Assessment	80% fees	35% fees

* Source: company websites

¹ reflects minimum rating fees

² Rating of Insurance Companies (ICs)

Figure-3 illustrates the comparative rating fees for both JCR-VIS and PACRA. Two important conclusions can be drawn from this exhibit; (a) both companies are offering their services for the same rating fees, (b) JCR-VIS offers two additional services i.e. Corporate Governance rating and micro Finance Bank rating which gave a first mover advantage in the relevant market segments.

COMPETITION

Pakistan credit Rating Agency limited (PACRA) is the only competitor for the available credit rating assignment in Pakistan. PACR was established in 1994 as a joint venture among IBCA Limited (the international credit rating agency), International Finance Corporation (IFC) and the Lahore Stock Exchange. The first credit rating agency in Pakistan, PACRA is widely acknowledged for its professionalism and integrity. To date, PACRA has completed well over a hundred ratings, including major industrial corporations, financial institutions and debt instruments. In addition to local ratings, PACRA is also active in international rating assignment with the collaboration of Fitch. The rating committee comprises of only two persons.

i.e., Chief Executive and Chief Operating Officer

The corporate sector in Pakistan has a traditionally North-South divide. Karachi is located in south of Pakistan and it is the largest city, main seaport and financial centre of the country. Most of the multinational companies, Banks, Financial Institutions have their head offices in Karachi. State Bank of Pakistan also has its head office here. As JCR-VIS was established in collaboration with Karachi and Islamabad stock exchanges; it has the major support from local business community. In contrast PACRA was established in Lahore which is the hub of major development activities. The contribution of Lahore to the national economy is supposed to be around 13%. Most of textile, leather, rice, chemical and other industrial units were established in Lahore and surrounding areas. Lahore is also base city for most of the wealthy business groups/families operating throughout the province of Punjab. Lahore Stock Exchange was very

much instrumental in establishing PACRA and most of the companies listed in only LSE find it more convenient to work with PACRA. Although PACRA having a small and geographically restricted clientele, but due to immense support from LSE and local entrepreneurs, charges the same rating fees as compared to JCR-VIS.

STRATEGIC ACHIEVEMENTS

Besides being the right thing to do, JCR-VIS believes that its investments in international and local affiliations benefit the company's bottom line. Spending the time and resources on technology transfer, performance improvements, fostering relationships based on trust and respect with key stakeholders and working with local communities to ensure they share in the benefits of the business and are simply part of good business practice. Some of the benefits can be backed up with numbers, while others are less easily measured and therefore less easily linked to the bottom line. These relationships have helped enhance JCR-VIS's reputation, which builds credibility and trust with stakeholders at all levels, and these are valuable assets.

Apart from endorsement from Securities & Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP), JCR-VIS has leveraged its reputation by strategically aligning the company with international agencies and companies.

One of these initiatives was to setup a rating company in Bangladesh by assisting a group of professionals of Bangladesh in March, 1997. Prime Commercial Bank of Pakistan also contributed in equity this venture. In June 2002, the Government of Bangladesh granted the sole license for credit ratings in the country to Credit Rating Information and Services Limited (CRISL), a joint venture company between Bangladesh, JCR-VIS of Pakistan and Rating Agency Malaysia Berhad (RAM) of Malaysia. In December 2002 CRISL announced its maiden credit ratings in Bangladesh. JCR-VIS is providing necessary technical support to CRISL and CEO, JCR-VIS, is also represented in the rating committee as approved by the Securities and Exchange Commission of Bangladesh.

Senior management at JCR-VIS normally takes decisions on long-term basis through a consultative process. They always keep a close eye on developments in financial sector in middle-eastern countries as well. Consequently they seized one of the key opportunities in 2002 when they were involved in establishing the Islamic International Rating Agency (IIRA), Bahrain. IIRA was established to carry out rating operations principally in Islamic countries. Its

shareholders include Islamic Development Bank and 14 other banks and financial institutions from around the Muslim world.

With the emergence of micro-financing sector, a need was felt for rating of micro-financing companies. Again senior management took a timely decision and JCR-VIS became the pre-approved rating agency by the Microfinance Rating and Assessment Fund for ratings of microfinance institutions (MFIs) in Pakistan and other South Asian countries. The MFI Rating Fund seeks to improve the quality, reliability and availability of information on the risk and performance of M FIs by helping MFIs to obtain independent rating and assessment services by professional rating agencies and specialized funds by providing partial funding for these services to the M FIs. The M FI Rating Fund is managed by the Consultative Group to Assist the Poorest (CGAP 3³) and the Inter-American Development Bank⁴ (IDB).

MARKETING

At JCR-VIS major business development activities are “PULL” based due to regulatory requirements. SBP & SECP have made the rating of banks and other financial institutions mandatory. To get their entity rating banks and financial institutions have only two choices, either they go to PACRA or JCR-VIS. The major clientele of JCR-VIS are banks and different financial institutions, who want their risk analysis portfolio to be rated. JCR-VIS also carries out indicative corporate entity rating: that is when the companies want to issue IPO, Public Issue or TFC, that have to get a good credit rating from the agency. Initially CEOs of banks and other corporations contact president of JCR-VIS for their credit rating. CFOs, Head of credit or Head of risk assessment hold the follow-up meetings with Director-Rating at JCR-VIS. As these meetings are held at senior level and JCR-VIS is a well known brand among senior managers in Pakistan for their services; senior management at JCR-VIS does not feel need for mass media promotion activities. Secondly Legal regulations restrict JCR-VIS to advertise on mass media. JCR-VIS does not have particular marketing or business development department, senior management is responsible for major promotional decisions. However JCR-VIS had advertised selectively in print media only. Promotional activities using other media were never considered.

³CGAP is a consortium of 29 bilateral and multilateral donor agencies that support microfinance. It is managed by the World Bank and in addition to the World Bank; its donor agencies include the United Nations Development Program, the Department for International Development and the Asian Development Bank.

⁴IDB, the oldest and the largest regional multilateral development institution, was established in December 1959 to help accelerate economic and social development in the Latin American and the Caribbean regions.

Sponsoring or conferences events may be considered now. The VIS logo was designed by a student of fine arts in 1993. She designed the logo with the theme; “Globe rest on information”. The color was decided as corporate blue. JCR-VIS uses a simple logo with abbreviation written font with color in its corporate communications. Although core values, mission and vision statement were never formally circulated but now a strong need has been felt by senior management to inscribe these mandatory signature items.

For different product categories JCR-VIS has segmented the market differently. Entity ratings market has been segmented on the basis of size of the entity, nature of the entity. For instrument ratings market is divided on the basis of Islamic or Interest based, duration and size of the instrument. For the remaining three younger members of VIS portfolio i.e., Real Estate Grading, Corporate Governance Ratings, Indicative Ratings, market is still evolving and hence no further segmentation and targeting exercises have been conducted so far.

CHALLENGES

VIS group has the largest data bank of corporate Pakistan and the group includes JCR-VIS Credit Rating Company Limited, VIS Data Services and News-VIS Credit Information Services (Pvt.) Limited, the first private credit bureau of Pakistan. The majority of shareholders in group companies include the largest publication house in Pakistan and major financial institutions.

One of the VIS group management faces as of now is how to materialize new business expansion proposal; either offer these services [proposals] as category extension within JCR-VIS or

launched them as separate brands through separate companies.

Generally, VIS is perceived as superior quality credit rating agency with higher professional and ethical standards. There are two distinct schools of thoughts within VIS group; one group mainly comprising MBAs having key influence in group decision making would like to offer new services through JCR-VIS. They argue for launching the new services under JCR-VIS banner initially, and after successful operations for some period make them separate corporate entities. The other group mainly comprising CAs and CFAs would like to see JCR-VIS with a limited scope. According to them any product or service offered by the company may dilute its creditability. They always come down firmly against any kind of new rating system or new business activity with the notion “that isn’t mandated or regulated by the government.” Taxation and other statutory requirements may also require separate companies for new services. VIS management needs to work hard to overcome these challenges. Efforts need to be taken to preserve the corporate image of VIS. They need to identify new company names, logos, core values, mission/vision statement, vision statement prior to anything else. They also need to think about the innovative promotional activities to launch these services. As under the banner of JCR-VIS mass scale promotional activities are restricted by SBP and SECP.

EXPANSION PROPOSALS

Senior management at VIS group is seriously considering various options to expand their business. There are different proposals under review, one of them is establishing a Brand Equity Ratings Agency.

Brand equity refers to the marketing effects and outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name. This provides companies to charge a premium on their prices from their customers. The study of brand equity and providing brand ranking is getting increasingly popular throughout the world.

Elements that can be included in the valuation of brand equity include (but not limited to) changing market share, profit margins, consumer recognition of logos and other visual

elements, brand language associations made by consumers, consumers' perceptions of quality and other relevant brand values.

The largest brand consultancy in the world is Interbrand, a division of Omnicom. Interbrand is a global branding consultancy, specializing in brand analytics, brand strategy, brand valuation, corporate design, digital brand management, and naming. They have grown to include 40 offices in 25 countries. Interbrand, does not have any office in India, Pakistan or Middle East. VIS group can take advantage of its brand-valuation ready corporate databases. In collaboration with Interbrand or any other brand consultant VIS group can offer brand equity ranking services for South Asia and Middle East. Relevant expertise, data analytical abilities, knowledge of local corporate sector makes VIS a strong candidate for local brand evaluation partnership.

There are numerous advantages and disadvantages attached with these proposals. Based on independent rankings from an international rating agency, corporations may find it very feasible to attract new customer, investors or solicit new grant proposals from government and non-government agencies or acquire new sources of funds on attractive terms and conditions. Realizing or hoping to realize economic benefits may drive corporation especially private sector corporations to apply for their ranking in respective field with VIS.

On the other hand corporate rankings are inherently controversial, and no ranking is satisfying to all. Despite years of refinement to their ranking procedures the most prominent and widely used rankings in developed countries still generate discord and draw criticism. The controversy associated with rankings essentially arises from the question of whether the quality of companies or products/services can be precisely measured by numerical indicators alone. It is for this reason that all stakeholders should be cautious about any ranking, and should not completely rely on the ranking list as being definitive. Instead, this ranking is to be used simply as a kind of reference to assist in the decision making processes. All stakeholders are encouraged to understand the ranking methodology carefully and understand it completely before looking at the ranking lists.

Stakeholders are then encouraged to use these rankings as a tool to assist in making sophisticated, informed decisions on the basis of all information available to them.

JCR-VIS
Board of Directors

ANNEXURE-A

Faheem Ahmad
Founder VIS Group
President & CEO, JCR-VIS

Faheem Ahmad has diverse experience with international consulting agencies in USA & Middle East. He has also held senior positions with local industrial and financial groups. In 1994, he established Vital Information Services (Pvt.) Limited, which is a leading capital market research house. VIS has the largest data bank of corporate Pakistan. His major research work includes copyrighted F&J financial strength rankings, Musharaka Variable Income Securities and stock market indices. The VIS group includes JCR-VIS Credit Rating Company Limited and News-VIS Credit Rating Services (Pvt.) Limited, the first private credit bureau of Pakistan. The majority of shareholders in-group companies include the largest publishing house in Pakistan and major financial institutions. In addition to being a director of the VIS group companies, he is also on the boards of some Jang Group companies. He obtained his Bachelor's degree in Civil Engineering from NED University of Engineering and Technology, Karachi. He also has Masters degrees in Engineering and Business Administration from USA. His research work has been published in various international journals.

Saeed Khan
FCA
Director, Finance, JCR-VIS

Saeed Khan has served VIS group since its inception. Prior to joining the Group, he held senior positions in different manufacturing concerns and carries work experience of 30 years. He is a Fellow member of the Institute of Chartered Accountants of Pakistan.

Mohammad Bilal Aftab

Director & General Manager,- JCR-VIS

MBA

Mohammad Bilal Aftab had joined VIS-Group on its inception and since been engaged in most research and development ventures undertaken by the group companies. Prior to joining JCR-VIS, he has been engaged with other VIS Group companies in different capacities. His career spans over 15 years and includes work experience in the Middle East and local stock market brokerage houses. He holds an MBA degree and has also completed various courses in Economics and Investment Analysis.

Safdar Kazi

MBA

Advisor, JCR-VIS

Safdar Kazi has over 30 years of senior level experience in commercial banking, leasing, investment banking, IT and manufacturing industry. Prior to joining JCR-VIS, in December 2001, he had worked for several years in a leading investment bank where he had held the positions of the Head of Corporate Finance and the Head of Operations, before this he had worked in senior positions in a leading leasing company and before that in senior positions in a foreign bank. Before joining the financial sector he had worked as General Manager Finance and Company Secretary of a large public sector engineering company for about 10 years. He received his MBA from the University of Wisconsin, Madison with double majors in Accounting and Information Systems Analysis and Design.

Syed Ziauddin Ahmed

FCA

Advisor, JCR-VIS

Syed Ziauddin Ahmed has worked in senior positions in the insurance industry for over 35 years. Prior to joining JCR-VIS in July 2005, he had worked as CFO of the largest insurance company of Pakistan for more than 23 years. Mr. Ahmed is a Fellow member of the Institute of Chartered Accountants of Pakistan.

Javed A. Callea

MBA

Advisor, JCR-VIS

Mr. Javed Callea is a professional in the financial sector with 35 years of experience mostly in the financial institutions with certain exposure to service and infrastructure sectors in Pakistan. He has held the position of Chief Executive of a leasing company for 10 years. His core areas of expertise cover leasing, development financing, project management, investment & merchant banking, strategic investment management and real estate. Major financial institutions he worked for include Pakistan Industrial Credit and Investment Corporation, State Life Insurance Corporation, Bankers Equity, Crescent Leasing Corporation and Saudi Pak Ind. & Agri. Inv. Company. He has also served as Member Finance of Water & Power Development Authority of Pakistan and as member of the Inquiry committee on stock exchange crises in 2000 commissioned by the SECP. He earned his MBA degree from the IBA in 1974.

Sabeen Saleem

MBA, CFA

Chief Rating Officer, JCR-VIS

Sabeen Saleem is the Chief Rating Officer of JCR-VIS, by virtue of which position she is in charge of rating administration and rating assignments across a range of sectors. Her scope of work includes supervision of financial analysis being conducted by a team of analysts, coordination with clients and regulators, research activities, and staff training. She has been a speaker at seminars and conferences both locally and internationally. She has a MBA degree from the IBA, Karachi and is also a CFA charter holder.

Sobia Maqbool

MBA, CFA

Senior Manager, JCR-VIS

Sobia Maqbool is in-charge of rating assignments in the financial and the corporate sectors including insurance companies, commercial banks, investment banks, leasing and modaraba companies (Islamic finance), microfinance institutions, brokerage houses, mutual funds and Corporate. She has a MBA degree from the IBA, Karachi and is also a CFA charter holder.

Zia Mohy-ul- Islam Usmani

MBA

Senior Manager, JCR-VIS

Zia Usmani has been working in the financial institutions and the corporate groups since 2005.

He holds a MBA degree from the IBA, Karachi

ANNEXURE-B

JCR-VIS Rating Committee

The purpose of rating committee was to maintain the objectivity in the ratings as well as consistency in results. Credit Rating Committee has the paramount importance at JCR-VIS and is considered as a function of serious responsibility and all committee members are expected to view it as a matter of great trust. Members are encouraged to apply to the credit rating process the highest degree of integrity, competence, objectivity and thoroughness, worthy of the trust the function requires. Credit Rating is a matter of opinion, it is reached through a formal and professional process, which is supported by appropriate objective criteria and based on information considered adequate and reliable by the rating agency. The required quorum for a rating committee meeting is a minimum of two voting members which shall include one advisor. The relevant analysts for each project present the case to the rating committee and assist in the deliberations on the ratings.

Constitution of the Rating Committee

The Rating Committee is constituted as under:

- Faheem Ahmad – CEO & Head of Committee
- Safdar Kazi – Member
- Syed Ziauddin Ahmed – Member
- Javed A. Callea – Member
- Sabeen Saleem – Member
- Sobia Maqbool – Member
- Zia Mohy-ul-Islam Usmani (Non-voting Member)

ANNEXURE-C

**JCR-VIS
Code of Ethics**

In order to achieve higher standards in independence and objectivity of the credit rating process, JCR-VIS has a policy for the following code of ethics.

1. Credit Rating is a function of serious responsibility and any and all persons exercising the function shall view it as a matter of great trust.
2. Members of credit rating committees and all staff members participating in any way in the credit rating decision making, shall always apply to the credit rating process the highest degree of integrity, competence, objectivity and thoroughness, worthy of the trust the function requires. 3) Although Credit Rating is a matter of opinion, it shall be reached through a formal and professional process, which is supported by appropriate objective criteria and based on information considered adequate and reliable by the rating agency. Protection of Confidential Information & Compliance with applicable Government Rules & Regulations:
3. The credit rating agency and its staff shall presume the confidentiality of the information received by it in the course of the credit rating process, and take all possible precautions towards this end.
4. The proceedings of the credit rating committee, are kept confidential at all times, and not revealed to any external parties or agencies. JCR-VIS has taken steps to keep all records of the proceedings of the credit rating committee properly safeguarded, except where required to be disclosed by the provisions of laws or regulations.
5. When the credit rating committee decides on a rating, it is announced as a joint decision and the individual votes are kept confidential, even if recorded. This requirement of confidentiality also applies to rating committee members for their own votes as well.
6. When and after the credit rating committee member or JCR-VIS' employee terminates his/her employment or work association with the rating agency, the requirement of

confidentiality with respect to the information received during the period of work association shall continue as information held in trust.

7. JCR-VIS Credit Rating Personnel are subject to specific limitations on Securities Ownership and prohibition against relationships that may give rise to a potential conflict of Interest in the conduct of their Credit Ratings work. A credit rating committee member does not take undue material advantage of any confidential information received through his or her participation in a credit rating process. Persons involved in the ratings process should also be made vigilant to prevent abuse of prior knowledge of ratings changes.

8. In case of any possible conflict of interest situation, the member of the credit rating committee or the staff member concerned shall disclose such conflict of interest and shall not participate in any manner in formulating or arriving at a rating. A conflict of interest situation would arise if the member of the rating committee or staff member holds equity/investment in a company equal to 5% or more (not including Bonds) of the equity of the company or a Total exposure of Rs. 1.0 million whichever is less.

9. Employees are required to report all securities ownership in client companies and other potential conflict of interest half-yearly on the given Performa. This reporting is subject to checking/audit at random. In addition, employees of JCR-VIS are, in the normal course of business, not to alter their interest/ownership in a company within TWO weeks of such company's Credit Rating Meetings and/or within 24 hours of publication of such results in the Media, whichever is earlier.